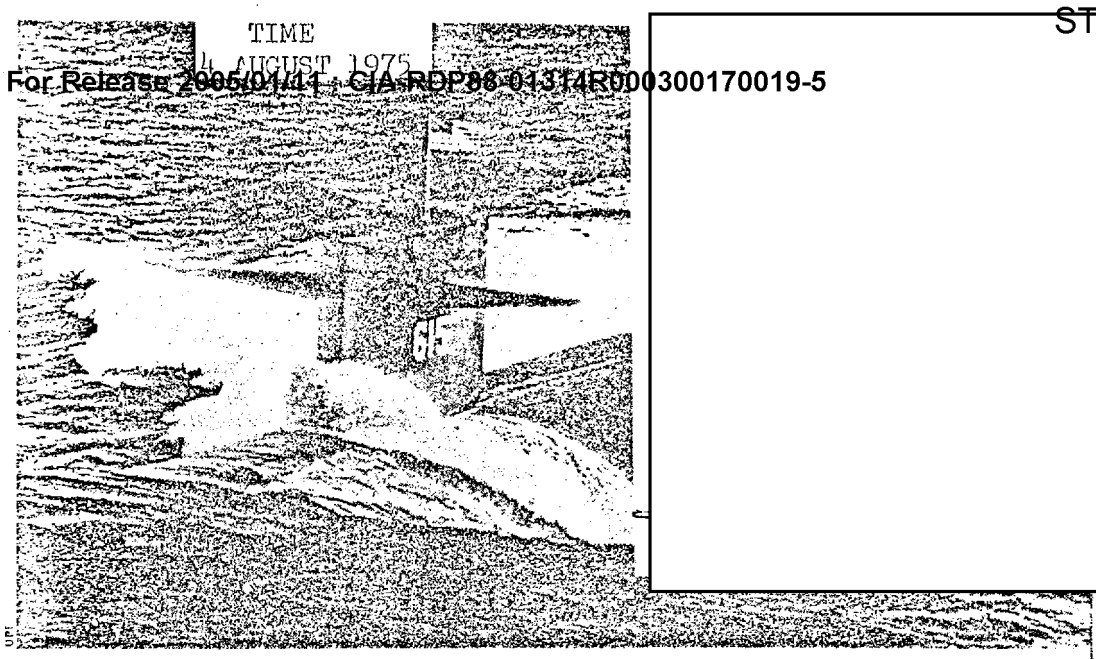
TIME
4 AUGUST 1975

Efficiency: Low Momentum: Low Morale: Low



THE SUBMARINE *GATO*, WHICH STRUCK A SOVIET SUB WHILE ON A SPY MISSION
"Mischievous" was the kindest description of the disclosure.

"The CIA is broken," says a leading Administration official. That statement is undoubtedly an exaggeration, but throughout the top echelons of the U.S. Government there is a growing sense of alarm that the congressional investigations of the CIA, combined with repeated press charges and disclosures about its activities, have seriously damaged the agency's effectiveness. Morale has dropped among senior staffers, who bitterly claim they are the victims of a post-Watergate witch hunt. Old allies abroad are wary about cooperating with the CIA, fearing that their secrets will leak, or sources be compromised. U.S. intelligence operations against the Soviet Union have been harmed. Says one White House aide: "We're all paying a price."

Since its formation in 1947, the CIA has had two basic assignments: 1) to provide the Executive branch of the Government with reliable information about what is happening abroad, and 2) to influence events overseas without publicly or militarily involving the U.S.—giving the U.S. some alternative "between diplomatic protest and sending in the Marines," in the words of CIA Director William Colby.

The CIA leadership stoutly maintains that the agency is operating at 90% of its old effectiveness even after a year of investigation and publicity. Few agree with that figure. Says one senior expert on the U.S. intelligence efforts: "Their analysis is not outstanding, and their covert operations are marginal. I'd say that their B-plus grade has slipped to B-minus."

All Goosy. The President's daily intelligence summary, for example, used to come almost entirely from the CIA. Now the report draws much more heavily on material from the State Department's Bureau of Intelligence and Research, and offers fewer insights. Says one White House aide about the CIA: "They're all goosy over there, and it shows. The sense of intellectual momentum from the agency is just not there."

A similar wariness has afflicted the agency's covert and paramilitary operations. The CIA used to propose about 90% of these missions (the rest coming usually from the State Department or the National Security Council). At least twice during the past two years, Government sources claim, the CIA has played a key (but unpublicized) role in defusing potential outbreaks of war in the Middle East and the eastern Mediterranean. Now the agency's recommendations have dried up. Intelligence sources variously describe the Director-ate of Operations as "dead in the water" and "paralyzed." While CIA leaders call such characterizations overblown, other Government officials note that the agency has shown no sign of taking action, which might have been expected in the past, to restrain Portugal's lurch toward a left-wing dictatorship.

One major factor inhibiting the CIA is the assignment of responsibility for "black" operations. According to long-established practice, a CIA operation has to be planned in consultation with the Assistant Secretary of State who deals with the part of the world where the plan would go into effect. Understandably, the assistant secretaries are now wary of supporting such operations; they are afraid that some day they may have to testify about them before a congressional committee. As one high-level source puts it: "There is inevitably a good deal of bureaucratic ass-covering going on."

More important, however, is a new set of ground rules that assigns responsibility to the White House. In the past, the formal responsibility was assumed by a small group of top intelligence, defense and foreign affairs officials known as the "40 Committee" and headed by Henry Kissinger. Presidents have almost always given their direct authorization for covert operations abroad (although their roles in the agency's various alleged schemes for assassinations are still far from clear), but they could always avoid personal blame if a secret operation was "blown" by disclosure. This insulating of the President is of course one of the factors that is now frustrating the Church committee's efforts to find out exactly who authorized what. The main purpose was to avoid international confrontations. When the U.S. efforts to raise a Soviet submarine from the Pacific were revealed by the press last March (TIME, March 31), for example, President Gerald Ford made no comment upon the affair and thus made it unnecessary for the Soviet Union to act indignant.

This delicate system, to preserve the President's "deniability," was upset by Congress last December when it approved a measure ordering the President himself to certify that any proposed operation "is important to the national security of the U.S.," and to report on the mission "to the appropriate committee of Congress." With the responsibility now clearly his and his alone, any President is going to think twice before approving a risky covert operation, however necessary he may deem it to be.

Holding Back. This increasingly public aspect of traditionally secret operations has changed U.S. relations with both friends and adversaries. There is evidence of increasing reluctance on the part of allies to share secrets with the CIA. Says Ray Cline, the agency's former deputy director for intelligence and now a director of Georgetown University's Center for Strategic and International Studies: "In the old days, people in allied outfits competed with each other to have a close relationship with the CIA because it cast credit on them with their bosses. But now a close relationship can be more of a liability. Our friends are definitely worried and scared. If they have something sensitive, they're concerned that it might come out when they share it with us. As a result, they're holding back, and frankly, I don't blame them."

For the Soviets, of course, the trend toward exposing the CIA is priceless. According to Dr. Albert Hall, Assistant Secretary of Defense for Intelligence, it has become easier for the Kremlin to take countermeasures "to deny us information we need and have come to count on." Dr. Hall refuses to name a specific example, but other top-level sources cite one. On May 25, the New York Times revealed that U.S. submarines, specially equipped with elec-

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